

Message Text

CONFIDENTIAL

PAGE 01 CARACA 04134 092236Z

73

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 L-03 H-03 SS-20 NSC-07

PRS-01 DRC-01 /132 W

----- 097284

P 092040Z MAY 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 3732

C O N F I D E N T I A L CARACAS 4134

E.O. 11652: GDS

TAGS: ETRD

SUBJECT: SEARS ROEBUCK/VENEZUELA

REF: STATE 94675

1. I HAD LUNCH TODAY WITH FRED EATON, PRESIDENT OF SEARS ROEBUCK VENEZUELA, AND WENT OVER HIS IMMEDIATE AND FUTURE SITUATION FOLLOWING UPON PRESIDENT CARLOS ANDRES PEREZ'S SPEECH OF APRIL 29.

2. AS HAVE ALL OUR OTHER AMERICAN ENTREPRENEURS IN VENEZUELA, EATON WANTS TO PLAY FOR TIME. HE THINKS THAT IF SOMEHOW OR OTHER DECISIVE PRESIDENTIAL ACTION CAN BE POSTPONED, PERHAPS IN TEN MONTHS OR A YEAR'S TIME IT MAY BE POSSIBLE TO APPROACH THE VENEZUELAN GOVERNMENT WITH A VIEW TO SEEING IF IT COULD NOT, AS HAD BEEN THE CASE WITH THE COLOMBIAN AND PERUVIAN GOVERNMENTS, BE POSSIBLE TO INTERPRET DECISION 24 IN A MORE LENIENT MANNER.

3. WITH REFERENCE TO STATE 94675, I FOREBORE TO INQUIRE WHAT SEARS ROEBUCK'S NET WORTH IS IN VENEZUELA BECAUSE I FEEL THAT ARA BY A TELEPHONE CALL TO CHARLIE MEYER IN CHICAGO CAN GET THE INFORMATION WITHOUT MY PUTTING EATON ON THE SPOT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CARACA 04134 092236Z

HOWEVER, RE PARA 1.C OF REFTTEL, OUT OF 3,000 EMPLOYEES IN

VENEZUELA WITH FOURTEEN STORES, SEARS ROEBUCK HAS ONLY TEN U.S. EXECUTIVES OF WHOM ONLY SIX CAN REALLY BE REGARDED AS IN THE MANAGEMENT CATEGORY. EATON MENTIONED SUGGESTIVELY THE FACT THAT THE PRESIDENT OF SEARS ROEBUCK MEXICO IS A MEXICAN CITIZEN. THEREFORE, QUESTION OF U.S. PERSONNEL NUMBERWISE IS NOT IMPORTANT. WHAT IS IMPORTANT, SAID EATON, IS CONTROL OF MANAGEMENT. HE INTIMATED THAT EVEN IF WORSE COME TO WORST, SEARS COULD PROBABLY GET ALONG EVEN WITH A 20-80 PER CENT RATIO OF STOCK OWNERSHIP PROVIDED IT RETAINED CONTROL OF MANAGEMENT. THINKING OUT LOUD, HE FORESAW A POSSIBILITY OF MAKING ARRANGEMENTS WITH FUTURE VENEZUELAN SHAREHOLDERS WHEREBY, EVEN THOUGH THEY ACQUIRED 80 PER CENT OF SEARS ROEBUCK STOCK, THEY WOULD HAVE EXECUTED SIGNED AGREEMENTS LEAVING MANAGEMENT IN THE HANDS OF THE 20 PER CENT SEARS ROEBUCK STOCK.

4. EATON SAID HE WAS FRANKLY PERPLEXED AS TO HOW DECISION 24 OF THE ANDEAN PACT COULD APPLY TO SEARS ROEBUCK VENEZUELA SINCE IT WAS NOT AN EXPORTING FIRM AND HAD NO CONTEMPLATION OF ENTERING INTO ANDEAN PACT TRADE. HOWEVER, HE ADMITTED BY IMPLICATION UNDER ARTICLE 43 AND PRESIDENT PEREZ'S WIDE POWERS, HE COULD PERHAPS BY DECREE EXECUTE PRACTICALLY ANY MEASURE AGAINST THE COMPANY ALTHOUGH THIS WOULD NOT OF NECESSITY DESTROY THE COMPANY'S RIGHT TO REDRESS, NOR ELIMINATE ESCAPE CLAUSE UNDER ARTICLE 44 OF DECISION 24. THE FACT THAT 20 PER CENT OF SEARS ROEBUCK VENEZUELA IS OWNED BY ITS OWN EMPLOYEES IS AN IMPORTANT FACT IN ITS FAVOR. HOWEVER, EATON AGREED WITH ME IN OUR EMBASSY ASSESSMENT THAT NOT ONLY DOES CARLOS ANDRES PEREZ CONTROL A MAJORITY OF VOTES IN CONGRESS BUT THAT HIS RECENT NATIONALISTIC MEASURES HAVE OVERWHELMING POPULAR SUPPORT THROUGHOUT THE COUNTRY.
MCCLINTOCK

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALIZATION, ECONOMIC PROGRAMS, BUSINESS FIRMS, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CARACA04134
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740113-0801
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740562/aaaacddq.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 94675
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 18 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 SEP 2002 by elyme>; APPROVED <06 FEB 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SEARS ROEBUCK/VENEZUELA
TAGS: ETRD, VE, SEARS ROEBUCK & CO, ANCOM
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005